(press release)

Beacon Power Delivers and Connects Smart Energy Matrix Flywheel Demonstration System in New York; Company's Second Scale-power System is Fully Operational and Now Performing Live Frequency Regulation

WILMINGTON, Mass.--(BUSINESS WIRE)--March 29, 2006--Beacon Power Corporation (NASDAQ: BCON), a company that designs and develops advanced products and services to support more stable and reliable electricity grid operation, announced that it recently delivered, installed and connected a scale-power Smart Energy Matrix demonstration system to the electricity grid in Amsterdam, New York. After arriving at the site, the system was connected and turned up to full power, and is now following and responding to live ISO-specified requirements to demonstrate frequency regulation. The project, jointly funded by the New York State Energy Research and Development Authority (NYSERDA) and the U.S. Department of Energy (DOE) Energy Storage Program, is the second such scale-power system Beacon has delivered, in addition to a similar system in California.

In the coming months the system will be rigorously tested by NYSERDA, in conjunction with Beacon Power and the U.S. DOE, to demonstrate how Beacon's flywheel energy storage technology has the potential to be used to provide frequency regulation services on a commercially competitive basis. The NYSERDA system was also engineered to provide additional application capabilities, including uninterruptible power (UPS) to the site, and volt-amperes reactive power, or VARs, which help to stabilize the local grid. These functions will be evaluated later in the testing process and assessed as to their commercial potential.

"Building, delivering and successfully connecting this latest demonstration system is another major accomplishment by the Beacon engineering team," said Bill Capp, Beacon Power president and CEO. "This system in New York, together with the one that we already installed in California, will enable us to show the respective state energy agencies and regional grid operators how clean, reliable, and fast-responding flywheel energy storage has the potential to meet the demand for frequency regulation in these large and growing markets. Each state has its own performance requirements that our systems have been designed to meet. Results from both demonstrations will support Beacon's steady progress toward large-scale commercialization of our high-energy flywheels for frequency regulation."

"With our growing demand for electricity, it is extremely important to develop new and more advanced technologies that can help improve the performance and reliability of our electric grid," said Peter R. Smith, president and CEO of NYSERDA. "We are extremely pleased to be working with Beacon Power on this important project."

Dr. Imre Gyuk, head of the energy storage program at the U.S. Department of Energy, was pleased with the progress of the project. "Timely completion of the manufacturing process and successful delivery of the system to the testing site in New York State has brought us a huge step closer to proving the effectiveness of flywheels for frequency regulation," he remarked. "We look forward to seeing both the New York and the California systems commissioned in the near future, followed by stringent performance testing and evaluation."

In contrast to the California unit, which was installed on PG&E's transmission system and is designed to respond to centrally dispatched command-and-control signals sent from the California ISO over a secure Internet link, the unit in New York was installed on the distribution side of the grid. It operates autonomously by reading and responding to frequency deviations measured directly from the grid. The ability to flexibly locate a Smart Energy Matrix on either the transmission or distribution side of the grid - and operate on a centrally dispatched or distributed basis - widens the potential market for frequency regulation services and other possible flywheel applications, including reactive power VAR support, transmission and distribution stabilization, and localized UPS.

About Beacon Power

Beacon Power Corporation designs sustainable energy storage and power conversion solutions that would provide reliable electric power for the utility, renewable energy, and distributed generation markets. Beacon's Smart Energy Matrix is a design concept for a megawatt-level, utility-grade flywheel-based energy storage solution that would provide sustainable power quality services for frequency regulation, and thereby support the demand for reliable, distributed electrical power. Beacon is a publicly traded company with its research, development and manufacturing facility in the U.S. For more information, visit www.beaconpower.com.

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